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Attention: Committee on Zoning and Housing

Subject: Bill 58

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Date: June 28, 2017

This letter is written to suggest reconsidering aspects of Bill 58 related to the increase of affordable housing percentage up to 25% and the 30 year buy back clause. The impacts to our community will be severe and irreversible given that our local young professional and workforce population will relocate to other states in search of affordable housing.


Rising costs for land, civil, building costs and impact fees has increased the cost of providing a single residential unit in the urban core from approximately \$600,000 to \$750,000. These costs are based on historical contracted costs of almost 1,779 constructed units in Honolulu within the past four years. The proposed increase up to 25% reserve housing conditions will increase the average market price to nearly \$750,000 for a 900 SF condominium to subsidize shortfalls from lower qualifying mortgage amounts. The qualifying loans for 100% AMI at 5% down with 5% interest rate are approximately \$419,755.

The addition of a 30 year buy back clause will hurt the potential for wealth creation that is essential for local younger buyers to purchase larger homes with increased family size. It is the combination of home equity along with higher salaries that allow our workforce population to make that transition. This clause will eliminate any hope for wealth creation, forcing young local buyers to relocate off island.

The community appreciates the best intentions and efforts of our city leaders to address our current housing crisis that has resulted in increased homelessness. However, the best route is to allow developers to increase the supply of affordable housing by reducing restrictions and impact fees. Bill 58 contains policies that hurt the local workforce population that Honolulu hopes to retain to keep our city moving forward. This target group includes all eight of my nieces, nephews and children that have all relocated to the mainland due to the inability to afford a reasonable place to live. These are locally raised, highly educated young people that understand our unique culture that will probably not return to Hawaii after household formation.

I strongly recommend that the committee re-evaluate the increase in the 25% affordable housing percentage requirement along with the 30 year buy back clause.

Sincerely,


Michael Goshi AIA